

# BANKENO MINES LIMITED

## *Annual Report*

FOR THE PERIOD ENDED  
DECEMBER 31, 1964

# BANKENO MINES LIMITED

## OFFICERS AND DIRECTORS

THOS. J. DAY, Q.C., <i>President and Director</i>	-	-	-	-	Toronto, Ontario
J. W. McBEAN, <i>Vice-President and Director</i>	-	-	-	-	Swastika, Ontario
G. H. CHARLEWOOD, <i>Director</i>	-	-	-	-	Kirkland Lake, Ontario
E. T. DONALDSON, <i>Director</i>	-	-	-	-	Toronto, Ontario
DR. F. YANDELL, <i>Director</i>	-	-	-	-	- Bardonia, N.Y.
E. S. CHARD, <i>Treasurer</i>	-	-	-	-	Toronto, Ontario
K. H. LARKIN, <i>Secretary</i>	-	-	-	-	Toronto, Ontario

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## TRANSFER AGENT

CROWN TRUST COMPANY  
302 Bay Street, Toronto, Ont.

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## AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Toronto, Ont.

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HEAD OFFICE - - - - - 250 University Avenue, Toronto, Ont.



# BANKENO MINES LIMITED

## *Report of the Directors*

TO THE SHAREHOLDERS:

Enclosed herewith please find the financial statement of the Company as at December 31, 1964, together with the auditors' report.

During the past year two important contracts were entered into, the first with Consolidated Mining and Smelting Company of Canada wherein they were given the opportunity during the year 1964 to explore and investigate the mineral deposit owned by your Company on Little Cornwallis Island.

The agreement dated February 28th, 1965, was an amendment of the existing agreement between Consolidated Mining and Smelting Company of Canada (hereinafter in this report referred to as "Cominco") and your Company. This amending agreement provides that Cominco have obligated themselves to spend the sum of \$150,000 by December 31, 1966. Cominco is to be credited with the sum of approximately \$19,280 which has already been expended by them during the year 1964. It is our understanding that extensive work will be carried on this summer. The agreement further provides that Cominco may elect by December 31, 1966 to bring the property into commercial production. Commercial production means production on a sustained basis at the minimum rate of 200,000 tons of ore per year using facilities designed to treat at least 500 tons per day.

Upon Cominco giving notice of its intention it shall incorporate a new company having an authorized capital of 4,000,000 common shares. 1,000,000 common shares shall be issued to Bankeno and 3,000,000 common shares shall be issued to Cominco. In the event that Cominco gives notice, Cominco will agree with the new company to arrange for provision of the necessary funds to bring the property into production and for working capital the new company shall create and issue to Cominco redeemable preferred shares for the amount of money provided by Cominco. There will be issued to Bankeno preferred shares in the amount of \$75,000. As and when in the opinion of the directors of the new company sufficient funds are available for distribution to its shareholders, 80% thereof will be used in payment of dividends and in redemption at par to the holders of preferred shares, and the balance of 20% for payment of dividends on the common shares.

Cominco shall have the right by the expenditure of an additional sum of \$50,000 in any one year or \$100,000 in any two years to maintain their right of election.

If Cominco is in default of giving notice of expenditure by March 31 in any year, then Bankeno may give a special notice to Cominco. If after the expiration of six months following this special notice Cominco does not give notice to Bankeno that it will bring the property into commercial production within 60 months, then Bankeno shall have a twelve month period to give notice of its intention to bring the property into production either by itself or with a partner, in which event 200,000 common shares will be issued to Cominco. Cominco will have the further right to participate in the financing to the extent of 24/75 of the funds required to bring the property into production and provide working capital and in the event that Cominco does elect to participate with Bankeno the new company will issue to Cominco 960,000 common shares out of a total capital of 4,000,000 common shares and the balance of 3,040,000 common shares will be issued to Bankeno or its nominees.

The Company has also entered into an agreement with United Keno Hill Mines Limited wherein that company has agreed to expend the sum of \$10,000 during the current year to investigate claims owned by Bankeno adjacent to United Keno. United Keno then must decide by December 31, 1965 to elect to spend a further \$50,000 on development work by December 31, 1966 and by that date elect to bring the properties into production in which event they will be repaid their costs from the first profits and the balance of profits will be divided 65% to United Keno and 35% to Bankeno.

With reference to the oil properties owned by your Company, they are being held in good standing. It is the opinion of our consultants that some permits should not be retained and these will be dropped. Negotiations are presently being carried on to have further work done on the properties owned by your Company on Melville Island. These negotiations are in the very preliminary stages.

It appears that the coming year will be a very interesting one in the development of your Company's mining properties.

On behalf of the Board,

T. J. DAY,  
President.

Toronto, Ontario,  
May 19, 1965.



# BANKENO M

*Incorporated under*

## *Balance Sheet—*

### ASSETS

#### CURRENT ASSETS:

Cash .....	\$	962.86	
Accounts receivable .....		1,900.00	
Marketable securities, at market value being lower than cost .....		2,975.50	\$ 5,838.36

OIL AND GAS PERMITS, at cost .....		20,325.00
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MINING CLAIMS (notes 1, 2 and 3) .....		10,488.43
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#### DEFERRED CHARGES (note 4):

Exploration and development .....	667,573.65	
Administration .....	79,054.14	746,627.79

The accompanying notes are an integral part of this statement.

\$783,279.58

AUDITOR

To the Shareholders of  
BANKENO MINES LIMITED:

We have examined the balance sheet of Bankeno Mines Limited as at December 31, examination included a general review of the accounting procedures and such tests of account

In our opinion the accompanying balance sheet and related statements of deferred ch and the results of its operations for the year ended on that date, in accordance with general

Toronto, Canada,  
January 12, 1965.

# IES LIMITED

laws of Ontario

December 31, 1964

## LIABILITIES

### CURRENT LIABILITIES:

Accounts payable and accrued expenses .....	\$ 41,087.92	
Loan payable .....	198,275.00	\$239,362.92

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK:

Authorized, 4,000,000 shares, par value \$1.00 each		
Issued, 3,100,004 shares .....	3,100,004.00	
DEDUCT Discount thereon .....	1,497,710.75	
	1,602,293.25	
DEFICIT .....	1,058,376.59	543,916.66

Approved on behalf of the Board:

THOS. J. DAY, Director.

J. W. McBEAN, Director.

\$783,279.58

## REPORT

and the statements of deferred charges and deficit for the year ended on that date. Our records and other supporting evidence as we considered necessary in the circumstances. s and deficit present fairly the financial position of the company as at December 31, 1964 cepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,  
Chartered Accountants.



# BANKENO MINES LIMITED

## Statement of Deferred Charges

Year ended December 31, 1964

(NOTE 4)

	Balance at beginning of year	Expenditures during year	Balance at end of year
<b>EXPLORATION AND DEVELOPMENT:</b>			
Engineering fees .....	\$ 20,806.29	\$ 4,900.00	\$ 25,706.29
Geological and exploration expenses, oil and gas permits .....	205,309.00		205,309.00
General exploration, Arctic Islands .....	52,455.97	1,322.73	53,778.70
Drilling participations:			
Melville Island .....	60,243.52		60,243.52
Cornwallis Island .....	190,390.00	(890.00)	189,500.00
Bathurst Island .....	105,898.58	40,556.86	146,455.44
Travelling .....	1,539.11	339.76	1,878.87
Telephone and telegraph .....	260.69		260.69
Government licenses and fees .....	536.00	55.00	591.00
Sundry .....	812.64	37.50	850.14
	638,251.80	46,321.85	684,573.65
Less Proceeds from sale of work credits .....		17,000.00	17,000.00
	638,251.80	29,321.85	667,573.65
<b>ADMINISTRATION:</b>			
Accounting and office services .....	33,600.00	8,400.00	42,000.00
Legal and audit .....	4,517.65	1,650.00	6,167.65
Transfer agent's fees and expenses .....	4,906.49	515.28	5,421.77
Listing fees .....	1,500.00	550.00	2,050.00
Travelling .....	11,397.98	839.85	12,237.83
Reports to shareholders .....	4,366.41	658.54	5,024.95
Postage, telephone and telegraph .....	3,253.00	307.60	3,560.60
Printing and stationery .....	541.31	104.30	645.61
Government fees, licenses and taxes .....	844.98	386.83	1,231.81
Share issue expense .....	175.38	142.91	318.29
Sundry .....	261.13	134.50	395.63
	65,364.33	13,689.81	79,054.14
	<u>\$703,616.13</u>	<u>\$43,011.66</u>	<u>\$746,627.79</u>

## Statement of Deficit

Year ended December 31, 1964

Deficit at beginning of year .....	1,059,729.09
DEDUCT Gain on securities .....	1,352.50
DEFICIT AT END OF YEAR .....	<u>\$ 1,058,376.59</u>



# BANKENO MINES LIMITED

## *Notes to Financial Statements*

Year ended December 31, 1964

### 1. MINING CLAIMS:

Mining claims are as follows:

Claims on Little Cornwallis Island, Northwest Territories, acquired during 1960 and 1963, at staking cost (note 2)	10,487.43
Claims in Mayo Mining Division, Yukon Territory, acquired prior to December 31, 1959, at nominal value (note 3)	1.00
	<u>\$10,488.43</u>

### 2. AGREEMENT WITH THE CONSOLIDATED MINING AND SMELTING COMPANY OF CANADA LIMITED:

By agreement dated June 8, 1964, The Consolidated Mining and Smelting Company of Canada Limited has been granted the right to explore, and the exclusive possession of, the company's mining claims on Little Cornwallis Island, Northwest Territories, up to February 28, 1965.

To maintain its rights under the agreement, Cominco must:

- (a) Elect prior to February 28, 1965 and agree to expend a sum of not less than \$100,000.00 by December 31, 1966.
- (b) Upon completion of (a), elect prior to February 28, 1967 and agree to expend a sum of not less than a further \$150,000.00 by December 31, 1968.
- (c) Upon completion of (b), elect prior to February 28, 1969 and agree to expend a sum of not less than a further \$250,000.00 by December 31, 1970.

Should Cominco elect to proceed further it shall notify Bankeno, on or before December 31, 1970, of its intention to incorporate a new company and to cause the new company to bring the property into commercial production not later than December 31, 1975. The authorized capital of the new company shall be 4,000,000 common shares which will be issued to acquire the mineral claims, Bankeno to receive 1,000,000 shares and Cominco, the balance. The new company will also create and issue 6% cumulative redeemable preferred shares as follows:

- (1) To Cominco:
  - (a) an amount equal to its expenditures under this agreement prior to its election to cause the property to be brought into production.
  - (b) an amount equal to funds subsequently provided by it to bring the property into production and for working capital.
- (2) To Bankeno, \$75,000.00.

### 3. AGREEMENT WITH UNITED KENO HILL MINES LIMITED:

By agreement dated November 4, 1964, United Keno Hill Mines Limited has been granted the exclusive right to explore the company's 19 mineral leases in the Mayo Mining Division, Yukon Territory, in consideration of a commitment to spend not less than \$10,000.00 prior to December 31, 1965. In order to continue rights of possession, United Keno Hill Mines Limited shall have the option of spending a further \$50,000.00 prior to December 31, 1966. Should United Keno Hill elect to proceed further, it shall have the option of committing itself to a programme of underground exploration to prepare the property for production, in which event it will be entitled to a 10-year lease upon the following terms:

- (a) United Keno Hill to have the exclusive rights of mining the property, Bankeno to receive 35% of the net profits after provision therefrom for repayment of moneys spent prior to production.
- (b) United Keno Hill to protect title to the property.
- (c) United Keno Hill to expend a minimum of \$25,000.00 each year, or Bankeno shall have the right to serve notice of termination.
- (d) The lease to United Keno Hill to be renewable for a further 10 years.

### 4. DEFERRED CHARGES:

Exploration, development, organization and administrative expenses incurred up to December 31, 1959 were written off to deficit at that date.

